

734.97:31

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

FOS-31

September 15, 1939

THE FATS AND OILS SITUATION

: In this issue:-

- : Coconut oil and Philippine Independence, 1946.
: World exports of coconut oil, 1909-38.

UNIV. OF FL. LIB.
DOCUMENTS DEPT.

U.S. DEPOSITORY

Summary

Prices of most food fats advanced sharply in early September after declining in August to the lowest levels in 5 years. The Bureau of Agricultural Economics says the recent advance apparently reflected speculative anticipation of future increases in demand as a result of the outbreak of the European war, increased war-risk insurance on ocean shipments of fats, oils, and oilseeds, and generally improved business conditions.

Domestic demand for fats and oils is expected by the Bureau to be strengthened somewhat during the next few months, since present conditions favor increased industrial activity and improvement in consumer purchasing power.

Production of fats and oils from domestic materials for the current calendar year is expected to be the largest on record. Stocks were unusually large at the beginning of the year. Import requirements - mostly for soap and drying oils - are considerably less than average.

During the war of 1914-18, the domestic production and exports of animal fats remained relatively stable, but production of cottonseed and flaxseed declined. Imports of copra and coconut oil, soybean oil, peanut

Table 1.- Price per pound of specified fats and oils, and oil-bearing materials, August 1937 and 1938, and June-August 1939

Item	August		1939		
	1937	1938	June	July	Aug.
	Cents	Cents	Cents	Cents	Cents
<u>Fats and oils-</u>					
Butter, 92 score, Chicago	32.0	25.5	23.6	23.2	23.5
Oleomargarine, dom. veg., Chicago	15.0	16.4	14.5	14.5	14.5
Lard, prime steam, Chicago	11.3	8.1	6.1	5.7	5.6
Lard, refined, Chicago	13.0	9.0	7.1	6.6	6.4
Lard compound, Chicago	12.2	10.6	9.0	8.8	8.8
:					
Corn oil, crude, tanks, f.o.b. mills	7.8	7.9	5.6	5.3	5.1
Corn oil, refined, bbls., N. Y.	10.9	10.4	8.8	8.6	7.8
Cottonseed oil, crude, tanks, f.o.b. S.E.mills:	7.0	6.9	5.5	5.0	4.5
Cottonseed oil, p.s.y., N. Y.	8.0	8.1	6.5	6.1	5.5
Oleo oil, extra, Chicago	12.4	9.4	7.4	7.2	6.9
Oleostearine, bbls., N. Y.	9.6	8.2	5.9	5.7	5.6
Peanut oil, crude, tanks, f.o.b. mills	7.9	7.7	5.7	5.6	5.1
Peanut oil, dom. refined, bbls., N. Y.	11.8	10.6	8.9	8.9	8.6
Soybean oil, crude, tank cars, midwestern mills :	--	5.7	4.9	4.3	4.2
Soybean oil, refined, N. Y.	10.4	8.4	7.5	7.2	6.7
:					
Babassu oil, N. Y.	--	6.4	6.2	6.0	5.8
Coconut oil, crude, tanks, f.o.b. Pacific Coast 1/:	7.5	6.0	6.0	5.7	5.6
Coconut oil, edible, N. Y. 1/	10.1	8.2	7.6	7.6	7.6
Olive oil, edible, bbls., N. Y.	32.0	25.1	25.1	25.1	25.1
Palm-kernel oil, denatured, bbls., N. Y. 1/	8.3	6.8	6.6	6.5	6.4
Palm oil, crude, casks, N. Y. 1/	8.3	6.7	6.8	6.7	6.6
Rape oil, refined, bbls., N. Y. 2/	17.4	14.8	15.3	15.3	15.4
Sesame oil, refined, drums, N. Y. 3/	11.5	10.5	9.2	9.2	9.2
Teaseed oil, crude, N. Y.	9.4	8.0	9.4	9.5	10.3
:					
Tallow, inedible, Chicago	7.5	5.1	4.7	4.4	4.0
Grease, A white, Chicago	8.2	5.3	4.8	4.5	4.1
Menhaden oil, crude, tanks, f.o.b. Baltimore	5.3	4.0	3.7	3.5	3.2
Sardine oil, crude, tanks, Pacific Coast	5.3	4.0	4.3	3.6	3.1
Whale oil, refined, bleached winter, bbls., N. Y.:	10.3	8.6	8.2	8.0	7.6
Olive oil foots, prime, casks, N. Y.	11.1	7.7	7.1	6.9	6.8
:					
Linseed oil, raw, tank carlots, Minneapolis	10.6	7.9	8.7	8.4	8.1
Linseed oil, raw, carlots, bbls., N. Y.	11.1	8.4	9.3	9.1	8.7
Citicica oil, N. Y.	12.5	11.2	13.3	15.0	17.4
Perilla oil, drums, N. Y. 2/	16.6	15.2	15.0	15.6	16.8
Tung oil, drums, N. Y.	14.3	14.0	20.6	21.9	22.0
:					
Castor oil, No. 3, bbls., N. Y.	10.2	9.2	8.2	8.2	8.2
Cod oil, Newfoundland tanked, bbls., N. Y.	6.9	5.1	4/4.3	4/4.3	4/4.4
<u>Oil-bearing materials-</u>					
Copra, bags, f.o.b. Pacific Coast	2.8	1.9	1.9	1.7	1.6
Cottonseed, U.S. farm price (dol. per ton)	26.6	21.4	22.7	20.7	16.2
Cottonseed, Dallas (dol. per ton)	--	22.9	22.7	18.2	15.7
Flaxseed, No. 1 Minneapolis (per bu.)	196.9	173.1	181.1	157.4	153.5
Soybeans, No. 2 Yellow, Chicago (per bu.)	107.0	90.0	93.0	90.0	--

1/ Includes excise tax of 3 cents beginning May 10, 1934. 2/ Includes excise tax of 4.5 cents beginning August 21, 1936. 3/ Includes excise tax of 3 cents, May 10, 1934-August 21, 1936. 4/ Quoted as "untanked."

oil, and flaxseed were increased. Prices of fats and oils were now affected much by the war until 1917, when prices of practically all commodities, including fats and oils, increased sharply.

In recent amendments to the Act to provide for Philippine independence, duty-free quotas are established for imports of coconut oil into the United States from the Philippine Islands for the period January 1, 1940 to July 3, 1946. After the latter date, all imports of coconut oil from the Philippines will be subject to regular duty payments in this country. The duty-free status of Philippine copra has not been changed.

REVIEW OF RECENT DEVELOPMENTS

Prices decline further in August, but advance sharply in early September

Prices of most food fats declined in August to the lowest level in 5 years, reflecting the large supplies of edible fats and oils available in this country and abroad. In early September, however, prices advanced sharply, reflecting speculative anticipation of future increases in demand as a result of the war, increased war-risk insurance for imported fats, oils, and oilseeds, and generally improved business conditions.

Despite the rather general declines during August, prices of a few fats and oils advanced. Butter at Chicago was up about 30 cents per 100 pounds, seasonally. Crude teaseed oil at New York advanced about 80 cents, chiefly because of the shortage in supplies resulting from Japanese military operations in China.

Imported drying oils also advanced in August. Oiticica oil, a substitute for Chinese tung oil, advanced \$2.40 per 100 pounds at New York, while perilla oil rose by half that amount. Linseed oil declined, although remaining somewhat higher than in August 1938. Linseed oil is not considered a good substitute for many of the special-purpose uses of tung oil; present and potential supplies of linseed oil in the United States, Argentina, and India, moreover, are relatively large.

Price movements, 1914-18

Considerable interest centers on the movement of prices of fats and oils during the World War of 1914-18. The combined prices of the 8 principal domestic fats and oils during that period, including butter, lard,

tallow, grease, oleo oil, cottonseed oil, and linseed oil, remained comparatively stable during 1914 and 1915. A moderate advance in prices took place in 1916. No sharp advance in prices of domestic fats and oils occurred, however, until 1917, when with the large purchases of supplies of all kinds in this country by the United Kingdom, chiefly on long-term credits, and the entrance of the United States into the war, prices of practically all commodities advanced sharply. Prices of domestic fats and oils reached a peak in 1919 about 140 percent higher than the 1910-14 average but this was followed by a sharp collapse in 1920 and 1921.

Domestic vegetable oil production reduced during World War, imports increased

Production of animal fats in this country, except for a slight upward trend, remained fairly stable throughout the World War of 1914-18. The production of vegetable oils from domestic materials, however, declined considerably from 1914 to 1920, with reduced output of both cottonseed and flaxseed. Cotton and cottonseed production was reduced because of the difficulties in exporting cotton, low prices during the first two years of the war, relatively high costs of production during the remainder of the war, and low yields throughout resulting from boll weevil infestation. Flaxseed production was reduced largely because of the unusually strong demand for wheat, and, in 1917, because of low yields. The demand for wheat during the war of 1914-18 increased relatively more than the demand for flaxseed, with the result that much land previously planted to flaxseed in the North Central States was planted to wheat.

To make up the deficiencies in the domestic production of oilseeds, as well as to provide for the growing demand for fats and oils for food and soap with increasing human population, imports of coconut oil and copra, soybean oil (in those years not domestically produced), and peanut oil were increased sharply from 1914 to 1918. Imports of flaxseed, chiefly for the paint, varnish, and linoleum industries, also were increased.

Exports of animal fats decreased somewhat during the war years. Although net exports and shipments of butter increased slightly after 1914, exports and shipments of lard were considerably smaller from 1915 through 1917 than in the years 1912-14. Lard exports increased fairly sharply, however, after 1917. Tallow, which previously had been on an export basis, was imported on balance in 1917 and 1918, apparently as a result of the increased demand for soap and glycerin in those years.

Supplies of domestically-produced fats largest on record

Production of fats and oils from domestic materials for the calendar year 1939 is expected to total nearly 8,500 million pounds compared with a domestic production of 8,000 million pounds in 1938, and a 5-year (1925-29) average production of 7,753 million pounds. Production from

domestic materials in the years 1912 and 1914 averaged 6,086 million pounds annually, while in the period 1916-19 production averaged 6,133 million pounds annually.

Most of the increase in domestic production in 1939 compared with 1938 will be in the production of lard, soybean oil, linseed oil, and tallow. Production of cottonseed oil is expected to be somewhat smaller than in 1938.

In addition to increased production, stocks of fats and oils, and of oilseeds in terms of oil, on January 1, 1939, were the largest on record, totaling 2,565 million pounds. Stocks on July 1 also were unusually large.

Although animal fats, principally lard, usually are exported by the United States, certain vegetable oils and oilseeds are imported. The most important items imported include copra and coconut oil, and palm oil - for food and soap - and flaxseed and tung oil for the drying oils industries. Olive oil also is an important import item. Exports, including shipments to non-contiguous territories of the United States, of animal fats and oils, and soybeans and soybean oil, in 1938 totaled about 275 million pounds. But imports of other vegetable oils and oilseeds, in terms of oil, totaled 1,800 million pounds, so that the net import balance in 1938 amounted to about 1,525 million pounds of oil or oil equivalent of oilseeds. Net imports of fats, oils, and oilseeds during the first 6 months of 1939, in terms of oil, were about 5 percent larger than in the corresponding period of 1938.

Because of the large supplies of fats and oils now available in the United States, import requirements for the remainder of 1939 are considerably less than for the corresponding period of 1938. Imports during the next several months probably will be affected also by increased costs of transportation resulting from high war-risk insurance rates and higher ocean freight rates. It does not seem likely, however, that important imports of fats and oil will be seriously reduced by war activities, although supplies of whale oil in 1940 may be curtailed by reduced whaling operations.

Table 2.- Stocks January 1, production from domestic materials, trade and apparent disappearance of fats and oils in the United States, specified periods and years 1/

Item	Average 1912 and 1914 <u>2/</u>			Average 1916-19		
	Produc-	Net	App.dom.	Produc-	Net	App.dom.
	tion from:	imports	dis-	tion	imports	dis-
	domestic	or net	appear-	Stocks:	from dom.	or net
	materials:	exports	ance	Jan. 1:	materials:	exports
		(-) 3/			(-) 3/	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Butter.....	1,638	- 3	1,635	47	1,638	- 24
Lard.....	1,587	-510	1,077	76	1,727	-548
Other domestic food						
fats-						
Corn oil.....	82	- 20	62	--	109	- 5
Cottonseed oil.....	1,613	-277	1,336	320	1,388	-137
Oleo oil.....	132	- 90	42	--	158	- 65
Oleostearine stock..	198	5	203	--	224	- 11
Peanut oil.....	1	7	8	--	66	65
Soybean oil <u>1/</u>	--	19	19	--	--	224
Tallow, edible.....	24	--	24	--	33	--
Total "other".....	2,050	-356	1,694	320	1,978	71
Imported edible fats-						
Babassu oil <u>1/</u>	--	--	--	--	--	--
Cocunut oil <u>1/</u>	--	90	90	--	--	371
Olive oil, edible..	--	47	47	--	5/	43
Palm-kernel oil <u>1/</u> ..	--	24	24	--	--	4
Palm oil.....	--	51	51	--	--	31
Rape oil.....	--	11	11	--	--	15
Sesame oil <u>1/</u>	--	1	1	--	--	2
Sunflower oil.....	--	--	--	--	--	--
Teasead oil.....	--	--	--	--	--	--
Whale oil.....	4	7	11	--	5	5
Total "imported"....	4	231	235	--	5	471
Total edible fats.....	5,279	-638	4,641	443	5,348	- 30
Technical fats-						
Castor oil <u>1/</u>	--	22	22	--	--	25
Fish oils.....	28	- 2	26	--	21	8
Fish-liver oils.....	5/	9	9	--	1	12
Grease.....	188	--	188	--	234	--
Grease, wool.....	5	13	18	--	7	3
Hempseed oil <u>1/</u>	--	--	--	--	--	--
Linseed oil <u>1/</u>	327	158	485	--	232	224
Neatsfoot oil.....	5	--	5	--	8	--
Oiticica oil.....	--	--	--	--	--	--
Olive oil, inedible:	--	6	6	--	5/	3
Olive oil foots.....	--	14	14	--	--	7
Perilla oil <u>1/</u>	--	5/	5/	--	--	2
Tallow, inedible....	254	- 13	241	--	282	21
Tung oil.....	--	36	36	--	--	48
Veg. tallow.....	--	--	--	--	--	--
Total.....	807	243	1,050	--	785	353
Total all fats.....	6,086	-395	5,691	443	6,133	323

Continued-

Table 2.- Stocks January 1, production from domestic materials, trade, and apparent disappearance of fats and oils in the United States, specified periods and years 1/ - Continued

Item	Average 1925-29				1937			
	: Stocks	: Produc- tion	: Net imports	: App. dom.	: Stocks	: Produc- tion	: Net imports	: App. dom.
	: Jan. 1	: from	: or net	: dis-	: Jan. 1	: from	: or net	: dis-
	: : dom. ma-	: exports	: appear-	: : dom. ma-	: exports	: appear-	: : dom. ma-	: exports
	: : terials:	(-) 3/	: ance	: : terials:	(-) 3/	: ance	: : terials:	(-) 3/
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Butter.....	49	2,069	- 2	2,064	61	2,132	5	2,155
Lard.....	59	2,285	-767	1,514	146	1,441	-162	1,371
Other domestic food fats-								
Corn oil.....	21	120	- 1	117	26	127	32	167
Cottonseed oil....	495	1,625	- 50	1,532	606	1,626	199	1,745
Oleo oil.....	12	135	- 79	57	4	75	- 6	67
Oleostearine stock:	6	79	- 14	65	6	46	5/	47
Peanut oil.....	3	13	4	17	29	51	53	108
Soybean oil 1/.....	5	5	15	17	94	194	5	162
Tallow, edible....	4	48	--	48	9	78	10	88
Total "other"....	546	2,025	-125	1,853	774	2,197	293	2,384
Imported edible fats-								
Babassu oil 1/.....	--	--	--	--	2	--	35	33
Cocomut oil 1/.....	115	--	562	534	89	--	667	516
Olive oil, edible..	5	1	85	86	4	2	48	52
Palm-kernel oil 1/:	9	--	59	57	13	--	179	150
Palm oil.....	26	--	169	163	94	--	411	350
Rape oil.....	4	--	18	17	14	--	6	15
Sesame oil 1/.....	--	--	12	12	12	--	44	51
Sunflower oil.....	--	--	--	--	5/	--	5/	5/
Teasead oil.....	--	--	--	--	--	--	27	27
Whale oil.....	19	11	52	62	36	69	55	69
Total "imported"...	178	12	957	931	264	71	1,472	1,263
Total edible fats....	832	6,391	63	6,362	1,245	5,841	1,608	7,173
Technical fats-								
Castor oil 1/.....	10	--	55	52	20	--	62	54
Fish oils.....	41	83	27	101	161	197	- 1	251
Fish-liver oils....	8	2	31	33	17	2	67	67
Grease.....	42	363	- 72	286	58	303	- 3	285
Grease, wool.....	3	7	11	18	2	8	5	13
Hempseed oil 1/....	--	--	--	--	--	--	--	2
Linseed oil 1/.....	304	376	385	774	170	147	517	582
Neatsfoot oil.....	2	8	- 1	7	2	5	- 1	4
Oiticica oil.....	--	--	--	--	--	--	4	4
Olive oil, inedible:	2	5/	9	9	2	5/	5	5
Olive oil foots....	6	--	42	41	7	--	22	20
Perilla oil 1/.....	--	--	5	5	20	--	44	40
Tallow, inedible...	68	523	4	519	244	625	3	676
Tung oil.....	23	--	95	93	29	--	175	155
Veg. tallow.....	1	--	7	7	--	--	8	8
Total.....	510	1,362	598	1,945	734	1,287	907	2,166
Total all fats.....	1,342	7,753	661	8,307	1,979	7,128	2,515	9,339

Continued-

Table 2.- Stocks January 1, production from domestic materials, trade, and apparent disappearance of fats and oils in the United States, specified periods and years 1/ - Continued

Item	1938				1939			
	:Produc-	:Net	:App.	:	:Produc-	:Net	:App.	:
	:tion	:imports:	:dom.	:	:tion	:imports:	:dom.	:
	:Stocks	:from	:or net	:dis-	:Stocks	:from	:or net	:dis-
	:Jan. 1	:dom.ma-	:exports:	:appear-	:Jan. 1	:dom.ma-	:exports:	:appear-
	:terials:	(-)	3/	: ance	:terials	4/(-)	: ance	:
	:Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
Butter.....	43	2,297	- 7	2,204:	129	2,300		
Lard.....	54	1,754	-234	1,467:	107	2,100		
Other domestic food fats								
Corn oil.....	18	137	22	149:	28	145		
Cottonseed oil.....	686	1,678	78	1,659:	783	1,350		
Oleo oil.....	6	88	- 5	83:	6	70		
Oleostearine stock..	5	49	- 3	46:	5	40		
Peanut oil.....	25	78	16	91:	28	85		
Soybean oil 1/.....	131	323	- 21	223:	210	500		
Tallow, edible.....	9	93	5/	94:	8	95		
Total "other".....	880	2,446	87	2,345:	1,068	2,285		
Imported edible fats-								
Babassu oil 1/.....	4	--	32	31:	5	--		
Coconut oil 1/.....	240	--	680	658:	262	--		
Olive oil, edible...	2	5	71	73:	5	10		
Palm-kernel oil 1/..	42	--	14	50:	6	--		
Palm oil.....	155	--	271	262:	164	--		
Rape oil.....	5	--	6	8:	3	--		
Sesame oil 1/.....	5	--	10	15:	5/	--		
Sunflower oil.....	--	--	5/	5/ :	5/	--		
Teased oil.....	--	--	12	12:	--	--		
Whale oil.....	91	58	22	89:	82	50		
Total "imported"...	544	63	1,118	1,198:	527	60		
Total edible fats.....	1,521	6,560	964	7,214:	1,831	6,745		
Technical fats-								
Castor oil 1/.....	28	--	47	49:	26	--		
Fish oils.....	106	188	- 2	146:	146	200		
Fish-liver oils.....	19	2	62	52:	31	3		
Grease.....	73	322	- 2	335:	58	360		
Grease, wool.....	2	5	2	6:	3	7		
Hempseed oil 1/.....	--	--	5/	5/ :	--	--		
Linseed oil 1/.....	252	157	283	506:	186	250		
Neatsfoot oil.....	2	4	- 1	4:	1	5		
Citric acid oil.....	--	--	5	5:	--	--		
Olive oil, inedible:	2	5/	5	6:	1	--		
Olive oil foots.....	9	--	22	19:	12	--		
Perilla oil 1/.....	24	--	32	42:	14	--		
Tallow, inedible....	196	762	1	764:	195	900		
Tung oil.....	49	--	107	95:	61	--		
Veg. tallow.....	--	--	5/	5/ :	--	--		
Total.....	762	1,440	561	2,029:	734	1,725		
Total all fats.....	2,283	8,000	1,525	9,243:	2,565	8,470		

Computed from reports of the Bureau of Agricultural Economics, Bureau of the Census, and Bureau of Foreign and Domestic Commerce.

1/ Data on stocks and trade include oil equivalent of oil-bearing materials.

2/ Data on stocks not available. 3/ Exports include shipments to non-contiguous territories for butter and lard. 4/ Partly estimated. 5/ Less than 0.5 million pounds.

COCONUT OIL AND PHILIPPINE INDEPENDENCE, 1946

Duty-free quota established for imports of
coconut oil from the Philippines until 1946

Amendments to the Act of March 24, 1934, to provide for the complete independence of the Philippine Islands, and other purposes, became effective with President Roosevelt's signature on August 7, 1939. Salient features of the Act as amended with respect to exports of copra and coconut oil from the Philippines to the United States are as follows:

1. While export taxes are to be collected in the Philippines on most articles shipped to the United States from January 1, 1941 through July 3, 1946, copra and coconut oil will not be subject to such taxes.

2. A duty-free quota is established for imports of Philippine coconut oil into the United States amounting to 200,000 long tons (440 million pounds) in 1940, and diminishing by 5 percent of that amount each year until 1946 when the quota from January 1 until July 3 will amount to one-half the total quota for 1945. With complete independence for the Philippines beginning July 4, 1946, all imports of coconut oil into the United States from the Philippines will be subject to the tariff levied on imports from other countries. This tariff is now 2 cents per pound. Imports from the Philippines from January 1, 1940 to July 3, 1946 in excess of the annual quotas will be subject to duty payments.

3. The duty-free quota for coconut oil is to be allocated by authorities of the Philippine Government among manufacturers whose products were shipped to the United States in the calendar year 1937, on the basis of proportionate maximum shipments in any calendar year during the period 1933-37.

4. The excise tax of 3 cents per pound on the first domestic processing in the United States of coconut oil from Philippine sources will continue to apply.

5. Proceeds of the excise tax, collected on and after January 1, 1939 and accrued prior to July 4, 1946, will be paid into the Treasury of the Philippines to be used for the purpose of meeting new or additional expenditures necessary in adjusting Philippine economy to a position independent of trade preferences in the United States.

6. The provision that no part of the proceeds of the excise tax collections shall be paid directly or indirectly by the Philippine Government as a subsidy to producers or processors of copra, coconut oil, or allied products is retained, although a portion of such funds may be used "for facilities for better curing of copra, or for bona fide production loans to Philippine copra producers".

At the present time, the excise tax rate on the first domestic processing of coconut oil originating in countries other than the Philippines

is 5 cents per pound, while the duty on imports from such countries is 2 cents per pound. With an excise tax rate of only 3 cents per pound on Philippine coconut oil processed in this country and with no duty on imports of such oil, Philippine exporters have a tax and duty preference so far as the United States market is concerned, of 4 cents per pound over those in other countries. This preference will be retained for all imports of coconut oil into the United States within the annual quotas until July 4, 1946, when the 2-cent duty preference will be dropped.

From January 1, 1940 until July 3, 1946, the duty-free quotas for imports of coconut oil from the Philippines will be as follows:

1940	200,000	long tons,	or	440,000,000	pounds
1941	190,000	"	"	418,000,000	"
1942	180,000	"	"	396,000,000	"
1943	170,000	"	"	374,000,000	"
1944	160,000	"	"	352,000,000	"
1945	150,000	"	"	330,000,000	"
Jan. 1 -					
July 3,					
1946	75,000	"	"	165,000,000	"

Actual imports of coconut oil from the Philippines totaled about 364,000,000 pounds in 1938, considerably less than the duty-free quota set for 1940, although somewhat more than the quotas for 1944 and 1945.

There is no duty on imports of copra from any country, although the extraction of coconut oil from copra comes under the heading of first domestic processing of coconut oil and hence is subject to excise taxes.

Imports of copra may be increased; coconut oil reduced

In 1921, a duty of 20 cents per gallon was levied on imports of coconut oil from countries other than the Philippine Islands. In 1922, the duty was changed to 2 cents per pound, the present rate. Since the duty on imports from non-Philippine sources went into effect, only negligible quantities of coconut oil have been imported from countries other than the Philippines. Imports of copra from non-Philippine sources, however, continued to be fairly large until 1934. But with the imposition of excise taxes on the first domestic processing of coconut oil in that year, which in effect gave a 2-cent preference to Philippine copra, imports of copra from countries other than the Philippines also fell off sharply.

In 1933, about 81 percent of the coconut oil and oil equivalent of copra imported by the United States originated in the Philippine Islands. This percentage was increased to 93 in the following year, and in 1938 approximately 98 percent of the coconut oil and copra imported came from the Philippines.

Table 3.- Coconut oil and oil equivalent of copra: Imports into the United States from the Philippine Islands and other sources, 1929-38, and January-June 1939

Year and period	From Philippine Islands			From other sources:	Total	Percentage
	Coconut oil	Oil equivalent of : copra 1/	Total 2/	oil- equivalent of : copra 1/ 3/	from all sources:	of total from P.I. of all sources
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Percent
1929	412	195	607	164	772	79
1930	318	212	530	163	693	76
1931	325	169	494	120	614	80
1932	249	125	374	161	535	70
1933	316	279	595	138	732	81
1934	315	213	528	39	567	93
1935	353	278	631	8	639	99
1936	322	225	547	4	551	99
1937	337	297	634	42	676	94
1938	364	309	673	14	687	98
Jan.-June: 1939	192	132	325	1	326	100

Compiled from reports of the United States Department of Commerce.

1/ 63 percent of actual weight of copra imported.

2/ Totals of unrounded numbers.

3/ Imports of coconut oil from sources other than the Philippines averaged only 23,000 pounds annually during the period 1929-38.

Under existing law, it is probable that imports of coconut oil from the Philippines will diminish to some extent after 1942 or 1943 as the duty-free quota is reduced. Such imports may tend to disappear entirely after July 3, 1946, because of the duty preference for copra. Imports of copra from the Philippines probably will tend to be increased after 1942 or 1943.

Assuming that present statutes with respect to coconut oil and copra are not changed from now until 1946, imports of coconut oil from all non-United States sources will be subject to a 2-cent duty with the achievement of complete independence by the Philippine Commonwealth, plus an excise tax on first domestic processing of 3 cents for coconut oil from the Philippines and 5 cents from other countries. Imports of copra, on the other hand, will be subject, indirectly, only to the excise taxes on the first domestic processing of coconut oil.

With decreased takings of coconut oil by the United States, copra crushers in the Philippines will be forced to find new outlets for their

products or to reduce their activities. Crushers in the United States, on the other hand, probably will expand their activities in order to meet the demand for coconut oil in this country.

United States the principal market for Philippine copra

Beginning with the war of 1914-18, the United States has been the principal market for copra and coconut oil exported from the Philippines. Prior to 1914, only small quantities of copra and coconut oil were imported into this country. But with the marked increase in demand for vegetable oils for food, soap, and glycerin during the war years, imports from the Philippines increased sharply. The United States took about two-thirds of the total exports of copra and coconut oil from the Philippines during those years compared with only 10 percent of the total during the preceding 5 years.

The duty levied on imports of coconut oil from non-Philippine sources in 1921 gave a virtual guarantee of the expanding United States market for coconut oil to the Philippines. And the preferential excise taxes on the first domestic processing of imported coconut oil established in 1934 extended this guarantee to copra. Largely as a result, exports of copra and coconut oil from the Philippines to the United States during the past 15 years have averaged about 85 percent of total exports to all countries. Other countries taking Philippine copra and coconut oil in recent years have included the Netherlands, Germany, France, Italy, Spain, Canada, and Mexico.

Total exports of copra and coconut oil from the Philippines have expanded sharply during the past 40 years. In the period 1899-1903 the combined exports, in terms of coconut oil, averaged about 71 million pounds annually. In 1938 such exports totaled 840 million pounds, the largest on record. Prior to 1914 nearly all of the exports were of copra. During the war and immediate post-war years, however, a copra-crushing industry of fairly large proportions was established in the Philippines, and for the past 20 years approximately half of the exports of copra and coconut oil have been of coconut oil.

Table 4.- Coconut oil and copra: Exports from the Philippine Islands to the United States and all countries, specified periods and years

Period and year	Exports to the United States			Exports to all countries			Total : exports : to U.S.	Pct. of : total : exports : by coco- : nut : oil
	Coconut : oil	Oil : equiva- : lent of : copra : 1/	Total	Coconut : oil	Oil : equiva- : lent of : copra : 1/	Total	as pct. : of total : to all : coun- : tries	repre- : sented : nut : oil
							Percent	Percent
	1,000 : pounds	1,000 : pounds	1,000 : pounds	1,000 : pounds	1,000 : pounds	1,000 : pounds		
Average								
1899-1903	---	94	94	1	70,596	70,597	2/	2/
1904-08	1,006	1,798	2,804	1,912	86,396	88,308	3	2
1909-13	966	16,531	17,497	2,209	165,745	167,954	10	1
1914-18	87,810	55,052	142,862	89,056	123,878	212,934	67	42
1919-23	189,251	76,471	265,722	222,311	161,505	383,816	69	58
1924-28	266,441	192,551	458,992	273,412	253,121	526,533	87	52
1929-33	331,260	189,638	520,898	342,660	268,920	611,580	85	56
1934	299,686	213,174	512,860	319,305	475,984	795,289	65	40
1935	357,562	289,021	646,583	364,188	351,252	715,440	90	51
1936	332,742	253,506	586,248	351,904	404,291	756,195	78	46
1937	353,483	288,156	641,639	360,005	328,535	688,540	93	52
1938	351,938	315,893	667,831	365,133	475,096	840,229	79	43

Computed from Annual Report of the Insular Collector of Customs, Commonwealth of the Philippines.

1/ 63 percent of actual weight of exports of copra.

2/ Less than 0.5 percent.

EXPORTS OF COCONUT OIL AND COPRA, PALM KERNELS, AND BABASSU NUTS AND OIL FROM PRIMARY PRODUCING COUNTRIES, 1909-38

Exports of coconut oil, copra, palm kernels, and babassu nuts and oil from primary producing countries are shown in accompanying tables for the calendar years 1909-38. Total production data for these commodities are not available.

Coconut oil, palm-kernel oil, and babassu oil are the three so-called lauric-acid oils which are capable of imparting quick lathering properties to soap. When used for soap making purposes, these oils, like other fats and oils so used, yield glycerin as a byproduct. The three quick-lathering oils also are used extensively for food purposes.

Since the war of 1914-18, the use of the quick-lathering oils in soap has increased sharply. During the period 1909-18, total exports of coconut oil and copra in terms of oil from surplus producing countries averaged about 845 million pounds annually, and showed little year-to-year change, with expanding exports from the Philippines being about offset by reduced exports from Netherlands India. But after 1918 the trend in exports from nearly all producing countries was sharply upward, with exports attaining a record peak of nearly 2,600 million pounds, in terms of oil, in 1938.

The Philippine Islands and Netherlands India are the two principal copra producing countries. Most of the increase in world production and exports of copra during the past 20 years has taken place in those countries. More moderate increases occurred in Ceylon, British Malaya, Australasia, and Oceania, as well as in other tropical areas including East Africa and the British colonies of the West Indies, Honduras, and Guiana. On the other hand, British India, a large coconut producing country, virtually ceased exporting coconut oil and copra after 1922, and now imports these products in fairly large quantities. Mexico also imports coconut oil and copra, although it is itself a copra-producing country.

Palm-kernel oil, which is similar to coconut oil in many of its properties, generally is produced from imported palm-kernels in the industrialized countries of Europe and North America. Palm kernels are extracted from palm nuts (from which palm oil also is obtained) produced mainly in West Africa, Netherlands India, and British Malaya. Production of palm kernels for export in the latter two countries is a relatively new enterprise, having obtained significant volume only in the past 10 years.

Exports of palm kernels, like those of copra and coconut oil, remained comparatively stable during the years 1909-18, but increased sharply thereafter. Approximately 1,800 million pounds of palm kernels (yielding about 810 million pounds of oil) were exported from the primary producing countries in 1936 compared with an average of about 800 million pounds of kernels (yielding 360 million pounds of oil) for the 10 years 1909-18. Exports declined somewhat after 1936, which was the peak year. Palm kernels yield about 45 percent of their weight in crude oil.

The babassu nut, a variety of the palm nut having a relatively large kernel, is produced only in the tropical forests of Brazil. Exports of babassu nuts from Brazil were almost negligible until 1919, when 24 million pounds were exported. Considerable fluctuation in exports occurred thereafter. The largest exports occurred in 1923, 1936, and 1938, when 78, 68, and 67 million pounds were exported each year respectively. Price apparently is an important factor affecting exports. It is reported that the potential supply of babassu nuts in Brazil is very large, but lack of modern transportation facilities from the interior is a factor which tends to limit the quantity of nuts gathered and exported. The average oil yield of babassu nuts is about 63 percent.

Table 5.- Coconut oil and oil equivalent of copra: Exports from coconut exporting countries and areas, 1909-38 1/

Cal- endar year	:Nether- lands India	:Phil- ippine Islands	:Brit- ish Malaya	:Brit- ish Ceylon	:Brit- ish India	:Aus- tralia Asia	:Oceania	:Other	:Estimated total, all coconut exporting coun- tries <u>2/</u>
	: <u>2/</u>	: <u>2/</u>	: <u>2/</u>	: <u>2/</u>	: <u>3/</u>	: <u>4/</u>	: <u>5/</u>	: <u>5/</u>	: <u>2/</u>
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil. lb.
1909	255	151	22	122	64	<u>6/</u>	<u>6/</u>	39	769
10	346	168	52	123	58	<u>6/</u>	<u>6/</u>	46	878
11	374	197	42	115	60	<u>6/</u>	69	51	936
12	348	97	32	88	50	<u>32</u>	58	45	750
13	322	56	<u>6/</u>	140	62	33	49	42	756
14	344	148	<u>6/</u>	154	61	<u>6/</u>	<u>6/</u>	18	896
15	260	223	<u>65</u>	141	55	<u>30</u>	<u>71</u>	55	899
16	239	135	66	129	56	28	<u>6/</u>	15	762
17	225	228	70	125	39	42	<u>77</u>	17	859
18	153	330	79	148	67	45	86	18	944
19	628	344	105	200	69	48	111	15	1,569
20	431	207	133	153	10	49	77	51	1,109
21	516	408	115	150	19	49	79	61	1,398
22	477	477	118	181	32	67	123	70	1,546
23	448	485	153	126	8	84	118	98	1,521
24	494	464	147	187	2	87	119	98	1,597
25	509	433	150	230	1	97	125	113	1,658
26	558	501	166	235	5	<u>6/</u>	131	121	1,821
27	443	596	145	215	2	<u>6/</u>	128	107	1,743
28	685	640	156	226	1	<u>6/</u>	143	162	2,152
29	702	661	179	242	1	<u>135</u>	152	152	2,225
30	554	567	165	214	<u>7/</u>	142	139	144	1,924
31	510	606	165	240	<u>7/</u>	133	117	133	1,905
32	703	444	165	179	<u>7/</u>	126	114	125	1,857
33	699	781	198	210	<u>7/</u>	130	129	138	2,284
34	586	795	193	305	<u>7/</u>	130	120	132	2,261
35	693	716	240	193	<u>7/</u>	128	139	140	2,248
36	719	756	214	150	<u>7/</u>	146	158	113	2,293
37	754	688	197	250	1	166	<u>6/</u>	118	2,360
38 <u>8/</u>	814	840	208	275	1	154	<u>6/</u>	106	2,585

Compiled from official sources and the International Institute of Agriculture.

1/ Oil equivalent of copra: Actual weight of copra times 0.63. 2/ Includes re-exports, hence some duplication. 3/ Includes Netherlands New Guinea (data for fiscal year), British New Guineas, Western Samoa and Japanese Pacific Islands. 4/ Includes British Oceania: Gilbert and Ellice Islands, Fiji Islands, Solomon Islands, Tonga Islands, and New Hebrides; French Oceania: French Settlements, and New Caledonia. 5/ Includes British Borneo, Indo-China, Siam, Portuguese India, Timor, and Camboing in Asia; Mazambique, Tanganyika, Zanzibar, Kenya and Uganda, Madagascar, Mauritius, Seychelles, French West Africa, French Togo, St. Thomas and Principe, Gold Coast, and Nigeria in Africa; and Trinidad, Tobago, British Honduras, Grenada, St. Lucia, St. Vincent, Jamaica, British Guiana and Paraguay in the Western Hemisphere. 6/ Not available. 7/ Less than 0.5 million pounds. 8/ Preliminary.

Table 6.- Copra: Exports from coconut exporting countries and areas, 1909-38

	:	:	:	:	:	:	:	:	:	:	:	:	:British:Estimated
	:	:	:Phil-:	:	:	:	:	:	:	:	:	:	:West :total all
Calen-	:Neth-:	:ip-:	:Brit-:	:Cey-:	:Brit-:	:Other:	:Aus-:	:Oce-:	:East:	:West:	:Indies,	:coconut	
dar	:er-:	:pine:	:ish:	:lon:	:ish:	:Asia:	:tral-:	:ania:	:Afri-:	:Afri-:	:Central:	:exporting	
year	:lands:	:Is-:	:Malaya:	:	:India:	:	:asia:	:	:ca:	:ca:	:and So.:	:countries	
	:India:	:lands:	:	:	:	:	:	:	:	:	:	:America:	
	:	:	1/	:	:	2/	3/	4/	5/	6/	7/	:	
Mil.	: Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	
lb.	: lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	lb.	
1909	: 405	240	8/	88	64	16	8/	8/	40	3	2	1,038	
10	: 547	266	56	85	57	20	8/	96	47	3	2	1,219	
11	: 588	313	40	92	65	21	8/	110	55	3	2	1,332	
12	: 546	154	27	69	62	21	50	92	45	2	3	1,071	
13	: 506	71	8/	125	83	15	53	78	49	2	1	1,037	
14	: 537	193	8/	158	81	24	8/	8/	8/	1	2	1,239	
15	: 385	307	67	135	49	22	48	112	56	2	5	1,188	
16	: 336	159	73	147	59	15	45	8/	8/	2	4	989	
17	: 257	203	84	121	23	11	67	122	8/	5	10	958	
18	: 151	121	74	142	1	10	72	136	8/	1	8	744	
19	: 728	55	128	197	24	11	76	176	8/	2	3	1,480	
20	: 401	57	181	152	3	12	77	122	60	2	3	1,070	
21	: 687	331	145	153	7	29	77	126	59	9/	6	1,620	
22	: 748	382	155	189	34	23	107	196	72	3	12	1,921	
23	: 707	457	210	114	9	50	134	188	77	6	21	1,973	
24	: 758	346	198	198	1	45	138	189	86	6	19	1,984	
25	: 774	323	195	255	9/	43	154	198	103	6	26	2,077	
26	: 831	384	234	271	4	51	8/	208	104	6	28	2,288	
27	: 673	439	194	222	2	35	8/	203	95	7	31	2,071	
28	: 972	517	213	221	9/	103	8/	227	104	7	41	2,625	
29	:1,007	383	252	229	9/	86	214	242	104	8	44	2,569	
30	: 828	384	229	203	9/	73	225	220	114	6	36	2,318	
31	: 794	384	225	210	9/	62	211	186	109	7	32	2,220	
32	:1,058	303	218	102	9/	46	200	181	113	10	27	2,258	
33	:1,076	681	247	144	9/	50	206	204	125	9	31	2,773	
34	: 920	756	214	236	9/	38	207	191	131	12	23	2,728	
35	:1,070	558	250	109	9/	62	203	221	127	16	13	2,629	
36	:1,121	642	172	116	9/	8/	231	250	140	23	13	2,767	
37	:1,098	521	169	159	9/	8/	263	8/	147	14	23	2,689	
38 10/	:1,222	754	154	168	9/	8/	244	8/	138	12	15	3,004	

Compiled from official sources and the International Institute of Agriculture.

1/ Net exports. 2/ Includes British Borneo, Indo-China, Siam, Portuguese India, Timor, and Cambing. 3/ Includes Netherlands New Guinea (data for fiscal year), British New Guineas, Western Samoa and Japanese Pacific Islands. 4/ Includes British Oceania: Gilbert and Ellice Islands, Fiji Islands, Solomon Islands, Tonga Islands and New Hebrides; French Oceania: French Settlements, and New Caledonia. 5/ Includes Mozambique, Tanganyika, Zanzibar, Kenya and Uganda, Madagascar, Mauritius and Seychelles. 6/ Includes French West Africa, French Togo, St. Thomas and Principe, Gold Coast and Nigeria. 7/ Includes Trinidad and Tobago, British Honduras, Grenada, St. Lucia, St. Vincent, Jamaica, and British Guiana. 8/ Not available. 9/ Less than 0.5 million pounds. 10/ Preliminary.

Table 7.- Coconut oil: Exports from coconut exporting countries, and exports as percentage of total exports of coconut oil and oil equivalent of copra, 1909-38

Calendar year	Exports of coconut oil						Exports of coconut oil as percentage of total exports of coconut oil and oil equivalent of copra					
	Nether-lands	Philip-pine Is-lands	British Malaya	Ceylon	British India	Other coun-tries	Estimated total all coconut export-ing coun-tries	Nether-lands	Philip-pine Is-lands	British Malaya	Ceylon	Total, all coconut producing countries
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Per-cent	Per-cent	Per-cent	Per-cent	Per-cent
1909	3/	3/	22	67	24	1	115	---	---	100	55-	15-
1910	1	3/	17	69	22	1	110	4/	---	33	56	13
1911	4	3/	17	57	19	5/	97	1	---	40	50	10
1912	4	3/	15	45	11	5/	75	1	---	47	51	10
1913	3	11	5/	61	10	5/	103	1	20	3/	44	14
1914	6	26	5/	54	10	1	115	2	18	3/	35-	13
1915	17	30	23	56	24	1	151	7	13	35	40	17
1916	27	35	20	36	19	2	139	11	26	30	28	18
1917	63	100	17	49	25	1	255	28	44	24	39	30
1918	58	254	32	59	66	6	475	38	77	41	40	50
1919	169	309	24	76	54	5	637	27	90	23	38	41
1920	178	171	19	57	8	2	435	41	83	14	37	39
1921	83	199	24	54	15	2	377	16	49	21	36	27
1922	6	236	20	62	11	1	336	1	49	17	34	22
1923	3	197	21	54	2	1	278	1	41	14	43	18
1924	16	246	22	62	1	5/	347	3	53	15	33	22
1925	21	230	27	69	1	1	349	4	53	18	30	21
1926	34	259	19	64	2	2	380	6	52	11	27	21
1927	19	319	23	75	1	1	438	4	54	16	35	25
1928	73	314	22	87	1	1	498	11	49	14	38	23
1929	68	420	20	98	1	5/	607	10	64	11	40	27
1930	32	325	21	86	5/	5/	464	6	57	13	40	24
1931	10	364	23	108	5/	1	506	2	60	14	45	27
1932	36	253	28	115	5/	2	434	5	57	17	64	23
1933	21	352	42	119	5/	3	537	3	45	21	57	24
1934	6	319	58	156	5/	3	542	1	40	30	51	24
1935	19	364	82	124	5/	3	592	3	51	34	64	26
1936	13	352	106	77	5/	2	550	2	47	50	51	24
1937	62	360	91	150	1	2	666	8	52	46	60	28
1938	6/ 44	365	111	169	1	2	692	5	43	53	61	27

Basic data compiled from official sources and the International Institute of Agriculture. 1/ Includes reexports, hence some duplication. 2/ Includes Indo-China, Mozambique, Tanganyika, British Guiana, Trinidad, Tobago, and Paraguay. 3/ Not available. 4/ Less than 0.5 percent. 5/ Less than 0.5 million pounds. 6/ Preliminary.

Table 3.-- Palm kernels and babassu nuts: Exports from primary producing countries and areas, 1909-38
- Continued

Calendar year	Palm kernels										Babassu nuts and oil, Brazil			
	Mil. lbs.	Other : : British : : Africa : : 1/	French : : Belgium : : Congo : : 2/	Other : : West : : Africa : : 3/	Portuguese : : Guinea : : Angola : : St. Thomas : : 4/	French-British : : Nether-lands : : India : : Islands	Mil. lbs.	Mil. lbs.	Mil. lbs.	Esti- : : mated : : total : : all pro- : : ducing	Oil : : equiv. : : (45 : : percent)	Oil : : equiv. : : (53 : : percent)	Mil. lbs.	Mil. lbs.
1936	862	5/	204	217	160	45	81	11	1,309	314	63	43	6/	
1937	753	5/	211	180	145	50	91	16	1,653	744	48	30		
1938 1/	696	5/	200	155	5/	5/	105	21	1,526	687	67	42		

Compiled from official sources and the International Institute of Agriculture.

1/ Includes Sierra Leone, British Cameroons, Gold Coast, Gambia, Anglo-Egyptian Sudan, and Tanganyika.

2/ Includes Ruanda - Urundi.

3/ Includes Ivory Coast, Dahomey, French Guinea, and Senegal.

4/ Includes French Equatorial Africa, comprising Gabon, Middle Congo, and Ubangui-Shari; also includes French Cameroons and French Togo.

5/ Not available.

6/ Less than 0.5 million pounds.

7/ Preliminary.

Table 9.- Oleomargarine: Production and materials used in manufacture,
 United States, July 1937 and 1938, May - July, 1939

Item	July		1939 ^{1/}		
	1937	1938	May	June	July
	1,000	1,000	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
Oleo oil	830	1,090	1,001	1,009	859
Oleostearine	286	315	290	260	246
Lard neutral	97	97	77	85	111
Oleo stock	96	166	73	114	57
Beef fat	---	---	22	15	12
Total animal	1,309	1,668	1,463	1,483	1,285
Cottonseed oil	9,281	8,181	6,780	6,708	5,522
Soybean oil	1,977	2,979	5,568	5,470	5,625
Peanut oil	171	290	194	167	186
Corn oil	134	2	24	21	18
Cottonseed stearine	---	---	1	---	---
Total domestic vegetable ^{2/}	11,563	11,452	12,567	12,366	11,351
Coconut oil	6,568	6,331	2,964	2,129	1,560
Babassu oil	1,123	1,086	1,323	1,106	1,332
Palm-kernel oil	971	263	8	---	---
Palm oil	97	---	1	---	---
Total foreign vegetable ^{3/}	8,759	7,680	4,296	3,235	2,892
Total fats and oils	21,631	20,800	18,326	17,084	15,528
Milk	4,743	4,787	4,498	4,112	3,870
Salt & other miscellaneous	1,259	1,143	1,053	989	906
Production of oleomargarine	26,288	25,512	22,699	21,111	19,262

Computed from Bureau of Internal Revenue records and Internal Revenue Bulletin.

^{1/} Preliminary.

^{2/} Ordinarily domestically produced. ^{3/} Not domestically produced.